

Message Text

LIMITED OFFICIAL USE

PAGE 01 BONN 00541 01 OF 02 111737Z
ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 SP-02 USIA-06 AID-05 EB-07 NSC-05
CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-03 H-01
PA-01 PRS-01 CIAE-00 COME-00 FRB-03 INR-07 NSAE-00
XMB-02 OPIC-03 LAB-04 SIL-01 /093 W
-----111805Z 007441 /53

R 111717Z JAN 77
FM AMEMBASSY BONN
TO SECSTATE WASHDC 4596
INFO AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TOKYO
USMISSION EC BRUSSELS
USMISSION OECD PARIS
USMISSION USBERLIN
USMISSION NATO BRUSSELS
USNMR SHAPE
AMCONSUL FRANKFURT
AMCONSUL MUNICH
AMCONSUL BREMEN
AMCONSUL DUSSELDORF
AMCONSUL HAMBURG
AMCONSUL STUTTGART
CINC USAFE RAMSTEIN
CINC USAREUR HEIDELBERG
CINC EUR VAIHINGEN

LIMITED OFFICIAL USE SECTION 01 OF 02 BONN 00541

DEPARTMENT PASS TREASURY, FRB AND CEA

E.O. 11652: N/A
TAGS: EFIN, ECON, GW
SUBJECT: PRELIMINARY OFFICIAL 1976 GNP RESULTS
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BONN 00541 01 OF 02 111737Z

REF: BONN 385

1. WE WERE TOLD BY THE HEAD OF THE NATIONAL ACCOUNTS
SECTION OF THE FEDERAL STATISTICAL OFFICE THAT THEIR
ANNOUNCED 5.6 PERCENT REAL GNP GROWTH FIGURE FOR
1976 WAS CALCULATED ON THE BASIS OF ONLY TEN AND A

HALF MONTH'S DATA WITH "CONSERVATIVE" ESTIMATES BEING MADE FOR THE YEAR-END DEVELOPMENTS. SUBSEQUENT REVISIONS, THEREFORE, TO THE PRELIMINARY DATA WILL DOUBTLESS BE MADE IN THE FUTURE. THE FIRST HALF RESULTS HAVE SO FAR NOT BEEN REVISED. OUR STATISTICAL OFFICE CONTACT DECLINED TO SPECULATE ON THE EFFECT OF THEIR COMPUTATIONS ON THE FOURTH QUARTER RESULTS THAT WILL EVENTUALLY BE PUBLISHED IN A SEASONALLY ADJUSTED FORM BY THE BUNDESBANK. SHE DID SAY, HOWEVER, THAT SHE HAD BEEN IN TOUCH WITH THE BUNDESBANK AND THAT IT WAS QUITE CLEAR THAT THE FOURTH QUARTER GROWTH RATE WOULD BE SOMEWHAT ABOVE THAT OF THE THIRD QUARTER (2 PERCENT S.A.A.R.). FURTHER, SHE SAID IT IS POSSIBLE THAT THE BANK'S THIRD QUARTER RESULTS WILL PERHAPS BE REVISED UPWARD WHEN THE FOURTH QUARTER DATA IS EVENTUALLY PUBLISHED (WHICH WOULD LOWER THE OTHERWISE EXTRAPOLATED RATE OF 8 PERCENT S.A.A.R.). AS INDICATED IN THE REFTEL, THE PRESENT EXTRAPOLATIONS BASED ON NON-REVISED DATA FOR THE FIRST THREE QUARTERS POINT TO THE FOURTH QUARTER BEING PERHAPS THE STRONGEST OF THE YEAR IN TERMS OF THE BUNDESBANK GNP SERIES. ALL IN ALL, EVEN THOUGH THE 6 PERCENT GROWTH RATE EARLIER FORECASTED FOR THE YEAR BY THE GOVERNMENT WAS NOT ACHIEVED, THESE DATA DO NOT REFLECT THE SLOWDOWN MANY EXPECTED WAS UNDERWAY. AS POINTED OUT IN THE REFTEL, THIS TO A CERTAIN EXTENT IS RELATED TO THE STATISTICAL QUIRK OF WORKING-DAY VARIATION ADJUSTMENT.

2. ALTHOUGH NOT YET PUBLISHED, WE RECEIVED FROM OUR LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 BONN 00541 01 OF 02 111737Z

FRIEND IN THE STATISTICAL OFFICE THE DETAILS OF THE 1977 NATIONAL ACCOUNTS WHICH ARE INCLUDED AT THE END OF THIS CABLE. ANALYSING THIS DATA, IT BECOMES READILY APPARENT THAT THE SWING IN INVENTORY CHANGES WAS AN ESPECIALLY IMPORTANT ELEMENT, ACCOUNTING FOR MORE THAN 35 PERCENT OF THE TOTAL REAL GNP GROWTH LAST YEAR. THIS IS A REMARKABLY IMPRESSIVE PERFORMANCE GIVEN THE RELATIVELY SMALL WEIGHT OF INVENTORY CHANGES IN THE TOTAL GNP. IT IS BEING READ BY SOME PROFESSIONAL OBSERVERS, ALONG WITH THE EXTRA-HEAVY DEPENDENCE ON EXPORTS OF GOODS AND SERVICES (38 PERCENT WEIGHT IN TOTAL GNP), AS A SIGN OF THE FRAGILITY OF THE UPTURN. THE 3.4 PERCENT REAL GAIN IN PRIVATE CONSUMPTION, WHILE NOT BAD, WAS NOT AS GOOD AS SOME OPTIMISTS HAD EXPECTED, AND PROBABLY ACCOUNTED FOR MOST OF THE SHORTFALL FROM THEIR EARLIER FORECASTS OF 6 PERCENT AND MORE OVERALL GNP GROWTH. GROSS FIXED INVESTMENT GREW A REAL 4.4 PERCENT. THIS IS NOTABLE IN THAT THIS AGGREGATE HAD

NOT REGISTERED SO LARGE A GAIN SINCE 1971.

3. DESPITE A FAIRLY GOOD YEAR FOR ECONOMIC GROWTH,
EMPLOYMENT DROPPED BY 1.1 PERCENT -- A NOT UNEXPECTED
DEVELOPMENT. THE PRIVATE CONSUMPTION DEFLATOR WAS
4.5 PERCENT WHILE THAT FOR OVERALL GNP WAS 3 PERCENT.
GROSS WAGE AND SALARY INCOME ROSE BY 7.2 PERCENT AS

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 BONN 00541 02 OF 02 111738Z

ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 SP-02 USIA-06 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-03 H-01

PA-01 PRS-01 CIAE-00 COME-00 FRB-03 INR-07 NSAE-00

XMB-02 OPIC-03 LAB-04 SIL-01 /093 W

-----111805Z 007464 /53

R 111717Z JAN 77

FM AMEMBASSY BONN

TO SECSTATE WASHDC 4597

INFO AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USMISSION USBERLIN

USMISSION NATO BRUSSELS

USNMR SHAPE

AMCONSUL FRANKFURT

AMCONSUL MUNICH

AMCONSUL BREMEN

AMCONSUL DUSSELDORF

AMCONSUL HAMBURG

AMCONSUL STUTTGART

CINC USAFE RAMSTEIN

CINC USAREUR HEIDELBERG

CINC EUR VAIHINGEN

LIMITED OFFICIAL USE SECTION 02 OF 02 BONN 00541

COMPARED WITH A 14.1 PERCENT INCREASE IN INCOME FROM
BUSINESS AND PROPERTY.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BONN 00541 02 OF 02 111738Z

4. PERTINENT TABLE FOLLOWS:

FRG GNP 1976

NOMINAL REAL (1962 PRICES)

	GROWTH		GROWTH	
	ABSOLUTE	RATE	ABSOLUTE	RATE
	(DM BIL)	(PCT)	(DM BIL)	(PCT)

PRIVATE

CONSUMPTION	627.0	8.1	358.2	3.4
-------------	-------	-----	-------	-----

PUBLIC

CONSUMPTION	235.1	6.3	89.3	2.6
-------------	-------	-----	------	-----

GROSS FIXED

INVESTMENT	236.4	7.0	139.2	4.4
------------	-------	-----	-------	-----

MACH \$ EQUIP	109.2	8.5	73.9	6.2
---------------	-------	-----	------	-----

CONSTRUCTION	127.3	5.7	65.3	2.5
--------------	-------	-----	------	-----

INVENTORY CHANGES	#13.2		#8.7	
-------------------	-------	--	------	--

NET FOR BALANCE	#24.5		#13.4	
-----------------	-------	--	-------	--

EXPORTS	335.4	14.1	230.1	12.3
---------	-------	------	-------	------

IMPORTS	310.9	15.7	216.7	12.6
---------	-------	------	-------	------

GNP	1136.3	8.9	608.8	5.6
-----	--------	-----	-------	-----

STOESSEL

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GNP, DATA, ECONOMIC ESTIMATES, BANKS
Control Number: n/a
Copy: SINGLE
Sent Date: 11-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977BONN00541
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770010-0744
Format: TEL
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770164/aaaaceco.tel
Line Count: 206
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: ec212fdb-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 BONN 385
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 22-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3628671
Secure: OPEN
Status: NATIVE
Subject: PRELIMINARY OFFICIAL 1976 GNP RESULTS LIMITED OFFICIAL USE LIMITED OFFICIAL USE
TAGS: EFIN, ECON, GE
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/ec212fdb-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009